

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF VIRGINIA

IN RE: . Case No. 08-35653 (KRH)
.
.
.
Chapter 11
Jointly Administered
CIRCUIT CITY STORES, .
INC., et al., . 701 East Broad Street
Richmond, VA 23219
.
Debtors. .
.
April 11, 2013
.
2:14 p.m.
.

TRANSCRIPT OF HEARING
BEFORE HONORABLE KEVIN R. HUENNEKENS
UNITED STATES BANKRUPTCY COURT JUDGE

APPEARANCES:

For the Debtor: Tavenner & Beran, PLC
By: PAULA S. BERAN, ESQ.
LYNN L. TAVENNER, ESQ.
20 North Eighth Street, 2nd Floor
Richmond, VA 23219

TELEPHONIC APPEARANCES:

For the Debtor: Pachulski Stang Ziehl & Jones LLP
By: ANDREW W. CAINE, ESQ.
10100 Santa Monica Boulevard
Los Angeles, CA 90067

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J&J COURT TRANSCRIBERS, INC.
268 Evergreen Avenue
Hamilton, New Jersey 08619
E-mail: jjcourt@jjcourt.com

(609) 586-2311 Fax No. (609) 587-3599

1 COURT CLERK: Item 3, Circuit City Stores,
2 Incorporated, Items 1 through 68 on proposed agenda.

3 MS. BERAN: Once again, Your Honor, for the record,
4 Paula Beran of the law firm of Tavenner & Beran for the
5 liquidating trust in connection with these bankruptcy cases.
6 With me at counsel table this afternoon is Ms. Katie Bradshaw
7 who Your Honor has met numerous times, as well as my law
8 partner, Lynn Tavenner.

9 THE COURT: Who is happily taking the day off from
10 RoomStore, as I understand, to be here with us this afternoon.

11 (Laughter)

12 MS. BERAN: I did hear that she was cited today --

13 THE COURT: She was.

14 MS. BERAN: -- without even knowing it. In
15 connection with today's matter -- oh, I apologize, Your Honor.
16 I do believe that Mr. Andy Caine is also on the line with us
17 this afternoon.

18 THE COURT: Okay. I heard from the east coast
19 contingent of his firm earlier today.

20 MS. BERAN: I believe that east coast contingent --

21 THE COURT: Welcome, Mr. Caine.

22 MS. BERAN: -- cited Ms. Tavenner.

23 THE COURT: All right.

24 MS. BERAN: Your Honor, the first item on today's
25 docket deals with the adversary proceeding in the B.R. Fries &

1 Associates matter. I am happy to report to Your Honor that
2 that matter settled last evening and therefore we do not need
3 to set it for trial and the matter can be removed from the
4 Court's docket.

5 THE COURT: All right. That was very welcome news to
6 see and so that will then be taken care of.

7 MS. BERAN: Thank you, Your Honor. Your Honor, the
8 next category of items are all -- or the remaining items are
9 all dealing with claims objections. If Your Honor would so
10 indulge, I would respectfully submit that I address them like I
11 have I think the last couple of times where I can kind of take
12 them in batches where similarly --

13 THE COURT: That would be my preference.

14 MS. BERAN: Thank you, Your Honor. Your Honor, as it
15 relates to Item Number 1, that is the debtor's -- excuse me --
16 and you know what? I apologize, Your Honor. Our numbering has
17 gotten off somehow because we go from Item Number 1 to Item
18 Number 4, I think in stipulations --

19 THE COURT: That was actually the most intriguing
20 part of today's hearing, Ms. Beran.

21 (Laughter)

22 MS. BERAN: I --

23 THE COURT: And so, if you could explain that,
24 please.

25 MS. BERAN: Your Honor, it probably has something to

1 do with that I was responsible for using the word processing
2 which is always dangerous. They keep Ms. Tavenner away from
3 the copier and me away from the word processing.

4 THE COURT: Fair enough.

5 MS. BERAN: In connection with Item Number 4, the
6 debtor's nineteenth omnibus objection, there is one claim that
7 remains outstanding as identified on Exhibit A. We'd
8 respectfully request that the objection as it relates to that
9 claim be continued until the June 6th omnibus.

10 THE COURT: All right. Do you want to take a break
11 and tell Doctor Freer that he can leave at this point?

12 MS. BERAN: Yes, please, Your --

13 THE COURT: All right.

14 MS. BERAN: -- oh, actually, Ms. Tavenner can and --

15 THE COURT: Okay.

16 MS. BERAN: -- so I will continue.

17 THE COURT: All right, very good.

18 MS. BERAN: Thank you, Your Honor. Your Honor, that
19 then brings us --

20 THE COURT: You won.

21 (Laughter)

22 UNIDENTIFIED SPEAKER: It'll be the first.

23 MS. BERAN: Your Honor, we then can turn to Page 6,
24 Item Number 5, in connection with the debtor's thirty-first
25 omnibus objection. As indicated on Exhibit A, there have been

1 a couple of those claims in which we've been -- have been
2 resolved and may be removed from the Court's docket. In
3 connection with the rest of the items listed on Exhibit A, we
4 respectfully request that they be continued until the June 6th
5 omni.

6 THE COURT: All right. They'll be continued to June
7 6.

8 MS. BERAN: That allows us to turn to Page 9, Your
9 Honor. In connection with Items 6 through 9, we would
10 respectfully request that they be continued until June 6th for
11 status purposes.

12 THE COURT: They'll be continued to June 6.

13 MS. BERAN: That allows us to turn to Page 25, Your
14 Honor. Your Honor, this starts the -- what's been commonly
15 referred to as the trust's standalone tax objections. As it
16 relates to Items 10 through 12 on the tax objections, we'd
17 respectfully request that they be continued until the June 6th
18 omni.

19 THE COURT: They'll be continued to June 6.

20 MS. BERAN: Thank you, Your Honor. Your Honor, that
21 allows us to turn to Page 32, which is Item Number 13. I am
22 happy to report that this objection has been resolved pursuant
23 to procedures previously approved by Your Honor. So it may be
24 removed from the Court's docket.

25 THE COURT: All right.

1 MS. BERAN: Thank you, Your Honor. That brings us to
2 Page 35, Item Number 14. In connection with that item, Your
3 Honor, we'd respectfully request that it be continued for
4 status purposes until the June 6th omni.

5 THE COURT: All right, June 6.

6 MS. BERAN: Thank you. That allows us to turn to
7 Page 38. On Item Number 15, that is the liquidating trust's
8 objection to the claims of the State of New Jersey and I am
9 happy to report, Your Honor, that that item has been settled or
10 that objection has been settled pursuant to procedures approved
11 by Your Honor and, therefore, this matter may be removed from
12 the Court's docket.

13 THE COURT: Excellent.

14 MS. BERAN: Your Honor, that brings us then to Page
15 41, Item Number 16. We'd respectfully request that that
16 objection be continued until June 6th.

17 THE COURT: All right. It'll be continued to June 6.

18 MS. BERAN: Thank you, Your Honor. Your Honor, that
19 allows us then to turn to Page 44, Item Number 17. We now
20 start in the group of claims where it's the liquidating trust's
21 objections to claims.

22 Item Number 17 and 18 which are the liquidating
23 trust's first and second omnibus objections, as previously
24 reported to Your Honor, there are two types of claims that are
25 listed on Exhibit B, those that a response has been filed, as

1 well as then in certain instances there has been in the -- what
2 is the equivalent of an informal response pursuant to
3 communication between the claimant and the trust where the
4 trust has extended the response deadline so that we can
5 continue the informal exchange of information.

6 In connection with Items 17 and 18, there are those
7 two categories that would remain, as identified on Exhibit B.
8 We'd respectfully request that they be continued until June 6th
9 omni.

10 THE COURT: They'll be continued to June 6.

11 MS. BERAN: Thank you, Your Honor. That allows us to
12 turn to Page 62, Item Number 19, the liquidating trust's third
13 omnibus objection, as well as Item Number 20. I am happy to
14 report, as indicated on Exhibit B, that certain of those claims
15 have been resolved pursuant to procedures approved by Your
16 Honor and they may be removed from the Court's docket.

17 As it relates to the remaining claims identified on
18 Exhibit B, the two categories of claims, we'd respectfully
19 request that they be continued until the June 6th omni.

20 THE COURT: They'll be continued to June 6.

21 MS. BERAN: Thank you, Your Honor. That allows us to
22 turn to Page 79 which is Item Number 21, the liquidating
23 trust's fifth omnibus objection, Items Number 21 and 22. And
24 in connection with those, Your Honor, they have the two types
25 of claims remaining, as identified on Exhibit B. We'd

1 respectfully request that they be continued until the June 6th
2 omni.

3 THE COURT: They'll be continued to June 6.

4 MS. BERAN: Thank you, Your Honor. I believe that
5 allows us to turn to Page 95, which is Item Number 23, the
6 liquidating trust's seventh omnibus objection. In connection
7 with Items Number 23, 24 and 25, we'd respectfully request that
8 -- no, I apologize, Your Honor. On 23, 24 and 25, as indicated
9 on Exhibit B, we have settled numerous of those claims, as
10 identified on Exhibit B, and those items may be removed from
11 the Court's docket. As to the remaining claims identified on
12 Exhibit B for Items 23, 24 and 25, we'd respectfully request
13 that they be continued until June 6th.

14 THE COURT: They'll be continued to June 6.

15 MS. BERAN: Thank you, Your Honor. That allows us to
16 turn to Page 120, Item Number 26, the liquidating trust's
17 thirteenth omnibus objection. In connection with that, Your
18 Honor, as you will see on Exhibit B, there are two claims
19 remaining, both held by Mr. Besanko. We'd respectfully request
20 that they be continued until June 6th.

21 THE COURT: They'll be continued to June 6.

22 MS. BERAN: Thank you, Your Honor. That allows us to
23 turn to Page 127 and on Item Number 27, the liquidating trust's
24 fourteenth omnibus objection, in connection with that item,
25 Your Honor, as well as Item 28, 29, 30 and 31, I believe it is

1 -- and I apologize. Let me make sure my handwriting is --

2 THE COURT: It looks like your writing.

3 MS. BERAN: Yes, Your Honor, 27, 28, 29, 30 and 31,
4 as identified on Exhibit B, we have settled a number of those
5 claims pursuant to procedures approved by Your Honor.

6 Therefore, they may be removed from the Court's docket. As it
7 relates to the rest, we'd respectfully request that they be
8 continued as identified on Exhibit B to the June 6th omni.

9 THE COURT: They'll be continued to June 6.

10 MS. BERAN: Thank you, Your Honor. That allows us to
11 turn to Page 168, specifically, Your Honor, Item Number 32, the
12 liquidating trust's twenty-first omnibus objection. In
13 connection with this objection, Your Honor, as it relates to
14 the claim of the City of Pasadena, California, we would
15 respectfully request that the Court sustain the objection as it
16 relates to that claim.

17 In connection with that, the opportunity to file a
18 response was given. No response -- no extension was provided
19 and no response was received and therefore we'd respectfully
20 request that the Court sustain it as it relates to that claim.

21 THE COURT: Does any party wish to be heard in
22 connection with the objection to the claim filed by the City of
23 Pasadena, California?

24 (No audible response)

25 THE COURT: All right, Ms. Beran. The objection will

1 be sustained.

2 MS. BERAN: Thank you, Your Honor. Your Honor, that
3 allows -- oh, as it relates to the rest -- remaining claims as
4 identified on Exhibit B for the liquidating trust's
5 twenty-first omnibus objection, we'd respectfully request that
6 they be continued until June 6th.

7 THE COURT: They'll be continued to June 6.

8 MS. BERAN: Thank you, Your Honor. That allows us to
9 turn to Page 176 for Item Number 33, as well as Item Number 34.
10 For those claims identified on Exhibit B, we would respectfully
11 request that they be continued for status purposes until the
12 June 6th omni.

13 THE COURT: They'll be continued.

14 MS. BERAN: Thank you, Your Honor. That allows us to
15 turn to Page 189, specifically Item Number 35, the liquidating
16 trust's twenty-fifth omnibus objection, as well as Item Number
17 36. As identified on Exhibit B, there have been a number of
18 claims that have been resolved pursuant to procedures approved
19 by Your Honor. Therefore, they may be removed from the Court's
20 docket. To the remaining claims listed on Exhibit B for those
21 two items, we'd respectfully request that they be continued
22 until the June 6th omni.

23 THE COURT: They'll be continued to June 6.

24 MS. BERAN: Thank you, Your Honor. That allows us to
25 turn to Page 202, Item Number 37, the liquidating trust's

1 twenty-seventh omnibus objection. We'd respectfully request
2 that that objection as it relates to the claims identified on
3 Exhibit B be continued until June 6th omni.

4 THE COURT: There's only one remaining claim there,
5 right?

6 MS. BERAN: I apologize, Your Honor.

7 THE COURT: Well, that's what your pleading says.

8 MS. BERAN: Yes, Your Honor. There is only one
9 remaining on Item Number 37, the twenty-seventh, and for that
10 one item, we'd respectfully request it be continued until the
11 June omni.

12 THE COURT: All right.

13 MS. BERAN: That allows us to turn to Page 208, for
14 Item Number 38, which is the liquidating trust's twenty-eighth
15 omnibus objection, as well as Item Number 39. As identified on
16 Exhibit B, certain of those claims have been resolved pursuant
17 to procedures approved by Your Honor. Therefore, we'd
18 respectfully request that they be removed from the docket. The
19 other items identified on Exhibit B, we'd respectfully request
20 that they be continued until the June 6th omni.

21 THE COURT: All right. They'll be continued to June
22 6.

23 MS. BERAN: Thank you, Your Honor. That allows us to
24 turn to Page 219, which is Item Number 40, the liquidating
25 trust's thirtieth omnibus objection. In connection with that

1 one, Your Honor, we would respectfully request that the Court
2 sustain the City of -- the objection as it relates to the City
3 of Chicago. Similarly, we've provided an opportunity for
4 response. No response was received. No extension was
5 provided. Based on the same, we'd respectfully request that
6 the Court sustain.

7 THE COURT: It'll be sustained. Well, let me ask --
8 does any party wish to be heard in connection with the
9 objection to the claim of the City of Chicago?

10 (No audible response)

11 THE COURT: All right. The objection will be
12 sustained.

13 MS. BERAN: Thank you, Your Honor. Item Number --
14 similarly on Item 40 --

15 THE COURT: The rest will be adjourned to June 6th as
16 set forth on Exhibit B.

17 MS. BERAN: Yes, Your Honor, except also though I
18 would indicate that certain of them have been settled pursuant
19 to procedures approved by Your Honor. Therefore, they may be
20 removed from the docket as identified on Exhibit B.

21 THE COURT: Right.

22 MS. BERAN: The remaining ones that haven't been
23 settled on Exhibit B, we would request they be continued till
24 the June 6th omni.

25 THE COURT: And they will be.

1 MS. BERAN: Thank you, Your Honor. That allows us to
2 turn to Page 224. Your Honor, in connection with Item Number
3 41, the liquidating trust's thirty-first omnibus objection, as
4 identified on Exhibit B, certain have been settled and may be
5 removed from the Court's docket. The remaining, we'd
6 respectfully request that they, as identified on Exhibit B, be
7 continued until the June 6th omni.

8 THE COURT: They'll be continued to June 6.

9 MS. BERAN: Thank you, Your Honor. That allows us to
10 turn to Page 229, Item Number 42, the liquidating trust's
11 thirty-second omnibus objection. As it relates to Items 42
12 through 47, we'd respectfully request that those claims as
13 identified on Exhibit B be continued until the June 6th omni.

14 THE COURT: They will be continued to June 6.

15 MS. BERAN: Thank you, Your Honor. That allows us
16 then to turn to Page 254, I believe. Yes, Your Honor, Item
17 Number 48, the liquidating trust's thirty-eighth omnibus
18 objection. As identified on Exhibit B, certain claims
19 associated with that omnibus objection have been resolved.
20 Similarly, Your Honor, Items Number 49, 50, 51 and 52, we've
21 identified claims on each one of those particular items that
22 have been resolved and may be removed from the Court's docket.
23 We'd respectfully request that the remaining items as
24 identified on Exhibit B be continued for the June 6th status
25 hearing.

1 THE COURT: They'll be continued.

2 MS. BERAN: Thank you, Your Honor. I believe that
3 allows us to turn to Page 279. Your Honor, as it relates to
4 this item, Item Number 53, the liquidating trust's forty-third
5 omnibus objection, and actually, Your Honor, Items 53 through
6 61, we'd respectfully request that all items identified on
7 Exhibit B be continued until the June 6th omni.

8 THE COURT: They'll be continued to June 6.

9 MS. BERAN: Thank you, Your Honor. That allows us to
10 turn to Page 309, Your Honor, Item Number 62, the liquidating
11 trust's fifty-ninth omnibus objection. Your Honor, in
12 connection with this, there is an individual who filed a
13 response, Steven E. Jackson.

14 Mr. Jackson has had significant correspondence with
15 one of the trust representatives who explained to him the
16 treatment that was being sought in the objection as it related
17 to his employee claim. He has -- since receiving that
18 explanation, is satisfied that the request is appropriate and
19 he has asked that we represent to the Court that his response
20 be withdrawn. And, accordingly, the objection as it relates to
21 his claim may be sustained. In relation to that then, Your
22 Honor, he does get an allowed claim and then he can start
23 participating in interim distributions.

24 THE COURT: All right. Does any party wish to be
25 heard in connection with the objection as to Steven E. Jackson?

1 (No audible response)

2 THE COURT: All right. That objection will be
3 sustained per the representations placed on the record.

4 MS. BERAN: Thank you, Your Honor. As it relates to
5 the remaining objections or claims subject to that objection,
6 we'd respectfully request that they be continued, as identified
7 on Exhibit B, to the June 6th omni.

8 THE COURT: The remaining objections will be
9 continued.

10 MS. BERAN: Thank you, Your Honor. And you know,
11 Your Honor, I do apologize because -- no, that just brings us
12 then to Item Number 63, the liquidating trust's sixtieth
13 omnibus objection. As identified on Exhibit B, certain of
14 those claims subject to that objection have been resolved.
15 We'd respectfully request that the rest be continued until the
16 June 6th omni.

17 THE COURT: The rest will be continued to June 6.

18 MS. BERAN: Thank you, Your Honor. That allows us to
19 turn to Page 314, Item Number 64, the liquidating trust's
20 sixty-second omnibus objection, in addition, Your Honor, Item
21 Number 65. We'd respectfully request that the objection as it
22 relates to those two items as identified for all the claims on
23 Exhibit B be continued for status purposes until the June 6th
24 omni.

25 THE COURT: They'll be continued to June 6.

1 MS. BERAN: Thank you, Your Honor. That allows us to
2 move and turn to Page 318, Item Number 66, the liquidating
3 trust's sixty-fourth omnibus objection. As identified on
4 Exhibit B, certain of those claims have been resolved and may
5 be removed from the Court's docket. In addition, Your Honor,
6 we'd respectfully request that the remaining claims, as
7 identified on Exhibit B, be continued until the June 6th omni.

8 THE COURT: They'll be continued to June 6.

9 MS. BERAN: Thank you, Your Honor. That allows us to
10 turn the page to 321, Item Number 67, the liquidating trust's
11 sixty-fifth omnibus objection. We'd respectfully request that
12 those claims still subject to that objection, as identified on
13 Exhibit B, be continued until the June 6th status hearing.

14 THE COURT: Okay. Those two claims will be continued
15 until June 6.

16 MS. BERAN: Thank you, Your Honor. Your Honor, as it
17 relates -- that allows us to turn to Page 323, Item Number 68
18 which is the objection to Claim Number 1723 filed by PNY
19 Technologies. Your Honor, in connection with this item, this
20 is a claim that is going to actually be mediated and based on
21 the same we would respectfully request that we continue for
22 status purposes until the June 6th omnibus objection.

23 THE COURT: Will the mediation occur before June 6?

24 MS. BERAN: Yes, Your Honor. I'm --

25 THE COURT: Okay.

1 MS. BERAN: And I apologize. And Mr. Caine is
2 actually handling that mediation. He sent me the date and I
3 did not write it down. And Mr. Caine, I believe --

4 THE COURT: I was just curious whether it was going
5 to be concluded by the June 6 date.

6 MS. BERAN: It is scheduled to be held before the
7 June 6. Now, whether it will be concluded -- because as Your
8 Honor may recall, there was -- the Chase objection also is
9 being mediated. We reported that a couple of hearings ago and
10 that mediation was held but it was not concluded. It was
11 continued for additional exchange of information.

12 THE COURT: All right.

13 MS. BERAN: So my recollection is that this one will
14 be held but I don't know if it will be concluded by then.

15 THE COURT: And that's fair. Obviously, if the
16 parties need to continue with the mediation, that's certainly
17 acceptable to the Court.

18 MS. BERAN: Thank you, Your Honor. Your Honor, that
19 concludes the agenda items. I do know that Mr. Caine has done
20 -- well, that the trust personnel have done a substantial
21 amount of work since the last omnibus hearing. Mr. Caine, to
22 the extent Your Honor is so inclined, does have a kind of a
23 status of where we are from a global picture of these claims
24 and is happy to report the same, if Your Honor is so inclined.

25 THE COURT: All right. Mr. Caine, you wish to make a

1 report?

2 MR. CAINE: Yes, thank you, Your Honor. I'll keep it
3 brief.

4 As we've done in the past, I've occasionally given
5 you an update on how much is left in terms of the claim
6 objections. We are happy to have settled as many as we
7 reported today have been settled and at this point, having
8 started the case with over 17,000 claims filed, we are down to
9 1,011 that still remain to be resolved.

10 Of that 1,011, 366 are administrative or priority or
11 secured claims and about 645 are general unsecured claims. So
12 we're making some great progress. The majority of these claims
13 are landlord claims which have several components to them. The
14 process has been successful on an informal basis. It just
15 takes time to reconcile with each of these landlords various
16 charges that they are asserting in their claims. Of the 1,011
17 still remaining to be resolved, the dollars is 686 million, 110
18 of that is 100 percent claim, admin, secured, priority, and 576
19 which is general unsecured claims.

20 So at this point in time there have been a little
21 over -- about 1.1 billion in claims allowed and, as I said, we
22 have about 686 remaining to be resolved and we're continuing to
23 try to do those as expeditiously as possible.

24 THE COURT: All right. Thank you very much. That
25 was an excellent report.

1 MR. CAINE: You're welcome.

2 THE COURT: All right. Is there any other business
3 we need to take up today, then?

4 MS. BERAN: Your Honor, not from the trust's
5 perspective.

6 THE COURT: All right. Well, thank you very much.
7 We'll be adjourned.

8 COURTROOM DEPUTY: All rise. The court is now
9 adjourned.

10 * * * * *

11 C E R T I F I C A T I O N

12 I, STEPHANIE SCHMITTER, court approved transcriber,
13 certify that the foregoing is a correct transcript from the
14 official electronic sound recording of the proceedings in the
15 above-entitled matter, and to the best of my ability.

16

17

18 /s/ Stephanie Schmitter

19 STEPHANIE SCHMITTER

20 J&J COURT TRANSCRIBERS, INC.

DATE: April 22, 2013

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